Constraints of Cooperative Bank$_s$ in financing of IRDP

1962. SHRI RAOOF VALIULLAH: Will the PRIME MINISTER be pleased to state;

(a) whether Government are aware of the constraints experienced by the Co-operative Banks in the financing of IRDP;

(b) what measures are'being taken Co remove impediments in prder to increase their participation;

(c) whether details guidelines would be issued to Co-operative Banks in this regard; and

(d) whether any Committee has been set up to go into this problem and if so, what are its findings?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE ^(SHRI JANARDHAN POOJARI): *(a) Yes, Sjr,

(b) to (d) National Bank for Agriculture and Rural Development (NABARD) had constituted a Working Group to go into the constraints experienced by the cooperatives in increasing their participation in Integrated Rural Development Programme (IRDP) and recommend measures for removing them in order to promote greater involvement of cooperatives !n the programme. Some of the constraints identified by the Working Group are as under;

(i) Beneficiaries are reluctant to borrow from cooperatives because they are requited to contribute to the share capital of the cooperative institution to be eligible to borrow from it.

(ii) The security norms followed by Co-operatives are more stringent than those followed bv commercial banks and Regional Rural Banks (RRBs).

(hi) Land Development Banks do not generally finance non-farm based activities.

(iv) The rate of interest of ten per cent per annum chargeable on IRDP loans leaves inadequate margin) to the co-operatives.

(v) Lack of technical staff and other administrative and organisational deficiencies.

The Working Group has made re-commendations relating to delinking contribution to share capital from borrowings, relaxation of security norms, strengthening of staff etc. Instructions have already been issued bv NABARD bringing the security norms of-cooperative banks at par with commercial banks and RRBs. An action on the rest of these recommendations is to be taken by State Governments, the recommendations of the Working Group have been brought to the no-tice of the State Governments at the conference of State Secretaries and Minister-in-Charge of Cooperation held on 22nd and 23rd December, 1986 at Delhi.

-Supreme Court strictures **against LIC**

1963. SHRI S. S. AHLUWALIA: Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that reeently the Supreme Court has passed strictures against some of the policies is-sued by the LIC and particularly 1henon-refund of the amount in the caseof lapsed policies and also those is-sued by the Peerless Company;

(b) if so, what are the precise objections raised by the Supreme Courtof India in each of the above twocategories of the policies;

(c) whether Government have in the light of the Supreme Court decision initiated measures to rectify the present situation and give adequate benefit to the policy holders and also safeguard their interests; and